

October 24, 1973

MEMORANDUM FOR MGEN D. O. GRAHAM

FROM: George E. Pickett *gcp*

SUBJECT: Papers on NSCIC Project "Topics of Importance
To High-Level Consumers"

Attached are the papers you requested containing material relating to the Working Group's project to identify topics of importance to high-level consumers.

As reflected in the memoranda during June, Mr. Marshall discussed a variety of topics with the Working Group's sub-committee. Four were selected as being of interest to the policy level in the next twelve to twenty-four months:

- Soviet strategy
- Foreign policy implications of present trade and monetary problems
- Foreign policy implications of the energy crisis
- Impact of different outcomes to law of the sea discussions

In the next two months drafts were prepared for three topics, although none were staffed out of the Net Assessment Group to the sub-group. The questions on Soviet strategy received the most attention, including one meeting of the sub-group to hear a CIA/DIA/INR discussion of the present level of understanding about the subject (AWM memorandum, July 11). The presentation was not fruitful and a draft paper was assembled in the Net Assessment Group. A draft of a paper on the monetary and trade subject was prepared following interviews with several members of the NSC staff, CIEP and CIA/OER. Two drafts of the energy topic were written based upon the Net Assessment Group's experience with NSSM 174.

One topic was never drafted, the implications of alternative outcomes to negotiations on the law of the sea. Discussions were held with NSC staff members and the CIA representative to the task force. Work halted, however, pending the return of the task force and negotiations

State Department review completed

NSC review(s) completed.

from Geneva in late August. Also, it was apparent that the law of the seas issue was very complex and required more interviewing and studying to identify the essential issues in which intelligence could be expected to make a contribution. The inter-agency task force on law of the seas is chaired by the State Department; the CIA representative is

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As they stand, the drafts of the topics are very preliminary and do not fully meet the objectives set for the effort; that is, to provide to the intelligence community a significantly improved perception of top-level needs with respect to these few selected topics. The idea was that they should complement other guidance as to needs with broader coverage.

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Office of the Director

29 May 1973

MEMORANDUM FOR: Members of the NSCIC Working Group

SUBJECT: Identification of Topics and Issues of Importance
to High Level Consumers of Intelligence

1. Identification of topics and issues of such significant near-term interest to high level users of intelligence that they should be the focus of special estimates and studies could be one of the more important activities of the NSCIC Working Group.
2. Accordingly, I have requested Andrew Marshall to chair a committee of representatives of the user members of the Working Group which will prepare for consideration by the group:
 - a. A listing of the significant topics or issues--perhaps five or six in number--which intelligence users consider should be given particular attention during the balance of this year by offices involved with production of national intelligence; and
 - b. For each topic or issue, a few pages of questions and guidance which would be helpful to the intelligence community in the development of detailed terms of reference and study outlines.
3. Mr. Marshall will get in touch with members who represent intelligence users for nomination of representatives for his committee.
4. It is hoped that the results of the committee's work will be available for consideration by the Working Group at an early date.

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Daniel O. Graham
Major General, USA
Chairman


CONFIDENTIAL

6 June 1973

MEMORANDUM FOR

VICE ADMIRAL JOHN P. WEINEL
PATRICK J. PARKER
SEYMOUR WEISS

FROM:

A. W. MARSHALL 

SUBJECT:

NSCIC Working Group Committee: Topics
and Issues of Importance to High Level
Intelligence Consumers

This memorandum describes the objectives of the effort General Graham asked me to chair, a proposed mode of operation for the committee of user representatives, and raises several issues which we should examine at an early meeting.

The task of this NSCIC Working Group Committee is to:

-- Prepare a selected list of topics and issues which top level intelligence users consider should be given particular attention during the coming year.

-- Prepare for each topic or issue guidance to the intelligence community as to its importance and questions related to the topic or issue top policy makers would most like answered.

I believe that we should emphasize improvement in communicating top level needs for the selected topics as against trying to decide upon the priority of the selected items as a group or among each other.

The Working Group will review the report we produce. A Working Group report will be passed to the NSCIC principals for comment prior to being sent to the DCI and the intelligence community.

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Next week I will provide you with an initial list of a half dozen topics, with a paragraph or two on each describing its nature. After obtaining your preliminary comments and additions, I will call a meeting at which the committee can focus on a revised list of topics, and on issues such as those raised in the next paragraph. We should be able to meet before the end of June. Then each of us can obtain in their own way the reactions and additions of consumers in his organization. In subsequent meetings we could agree on the items we wish to submit to the Working Group and formulate the background information and guidance for each one.

Several issues need to be clarified in our first meeting, for example:

-- How comprehensive should each topic be? If we request analyses on very broad, complex issues the response from intelligence will require great effort over long periods of time. A more narrowly focused question reduces the work and time involved.

-- What should be the role of the NSCIC after providing the topics to the DCI? The topics could be passed with no further follow-up; the NSCIC could set deadlines and/or monitor the stages of work on the topics; or the NSCIC could require the DCI to provide a timetable and plan.

-- How should our subgroup consult with the intelligence producers in developing the topics? What role, if any, should representation of intelligence production organizations play in our meetings?

-- What information should be provided to the DCI with each topic? (e.g., specific questions, relevant U.S. policies, descriptions of the problem as presently seen by consumers.)

-- Should topics be provided to the DCI as prepared or in one package?

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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(With Attachment)

June 14, 1973

MEMORANDUM FOR

VICE ADMIRAL JOHN P. WEINEL
PATRICK J. PARKER
SEYMOUR WEISS

FROM:

A. W. MARSHALL *AWM*

SUBJECT:

Topics

Attached is a first partial list of topics. I will be in contact with each of you to get reactions, possible additions, etc.

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A BEGINNING LIST OF TOPICS

The purpose of the following list is to serve as a basis of discussion. Other members of the group can suggest deletion of items or additions. Later we will have to develop appropriate guidance for each topic. For the present, I have included only enough of a description to suggest the general purpose of including the particular topics.

1. Sino-Soviet Military Interactions, Calculations and Possible Conflict Outcomes

While an NIE is now in preparation focused primarily on likely Soviet assessments of the prospects of a nuclear surgical strike and/or a ground invasion of China, this topic could be usefully included in an NSCIC list. The NIE will not cover all of the aspects of the Sino-Soviet military situation that top leaders would be interested in. These include analysis of the interaction in the build-up and positioning of military forces along the border areas since 1965 in the hope of understanding more clearly the purposes and military plans of both sides. Moreover, it would be useful to have an assessment of what sort of burden is now placed on the Soviet Union by the build-up. What proportion of its forces are now postured against China? How can one best measure the overall resource strain given the logistic and other problems involved?

If the Soviet leadership asks for the evaluation of its options in attacking China, what sorts of calculations, what sort of advice will they receive from the Soviet military? On the Chinese side, how are they likely to view the military situation? What are the likely future trends in the views in both countries? If various sorts of attacks are undertaken, what will be the outcomes? What sort of warning might the U.S. obtain?

2. National Security Impact of the Energy Crisis

While there has been considerable work on the direct national security impact of interruption in oil imports, the more indirect and more diffuse impacts of the energy crisis have been relatively little explored. In particular, the energy crisis will have a significant impact on the behavior of major actors on the international scene, including many U.S. allies, the various oil producing states, their less fortunate neighbors, etc. We need answers to questions such as, what is the impact on the political goals,

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ambitions of the leadership or interest groups in countries in the Middle East? What role might the Soviets play in the changed situation? What will be the impact on Japan, in particular to what extent will a Japanese attempt to diversify sources of energy push them closer to the Chinese? To the Soviets? Away from the U.S.? What are the most likely Mid-east political/military contingencies that may arise because of the energy crisis? How is the U.S. likely to become involved? What will be the objectives and stakes of the other actors in these crises?

3. Soviet Long-Term Strategy

Pressures on Soviet Union

We may be in a period of significant change in Soviet policy. Some allege that major policy decisions were taken a couple of years ago. It would be useful to have a first-rate analysis of the basis for that judgment. What are the factors that pushed the Soviet leaders toward the changes? How do they see things coming out ten to fifteen years down the road? What are their political and economic strategies for the next decade?

A related set of issues arise from analysis of trends in Soviet military strategy and thinking. There may be a too casual tendency to conclude that there is significant convergence in U.S. and Soviet military strategy and thinking. What are the differences between that and the U.S.? What are the implications of the different assumptions and doctrinal tenants? What role do the Chinese now play in forming Soviet conceptions as to military strategy and doctrines?

Both we and the Soviets may see ourselves as settling down to a new phase in our continuing political/military competition. How do the Soviets see this competition? What are the areas of comparative advantage and disadvantage they may perceive? How do they view their geo-political situation as compared with that of the U.S.? What are their perceptions as to their prospects in this continuing competition? What do they see to be the key to maximizing their chances of success? What does an objective assessment of the strength of the Soviet position show? What can be said of Soviet institutional constraints and bureaucratic politics as either limits or advantages they may have in competing with the U.S.? With the West Europeans? With the Chinese? How do the top leaders in the Soviet Union view the economic and social constraints that limit their courses of action? What impact do they have on Soviet foreign policy? On Soviet military programs?

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4. Soviet Military Assistance

A major aspect of U.S. policy as enunciated by the Nixon Doctrine is that allies and friendly nations will be supported through military aid in efforts they make to pursue their objectives. The Soviets have been engaged in a variety of military assistance programs since the mid-50's. Now may be an appropriate time to have a major assessment of Soviet methods of giving aid and the effectiveness of their programs around the world.

5. Yugoslavian Succession Crisis

Here is an obvious problem, one for which an NIE is being prepared. ~~However, it is a problem which~~ may be usefully pursued beyond the current NIE effort. Major issues of interest are associated with the internal political situation in a succession crisis and the possibility of the fragmentation of Yugoslavia into several separate states. What are Soviet intentions, and the likelihood of intervention? What will be the impact on Italy, on Greece, on NATO more generally? Upon the U.S. position in the Mediterranean? What are the most likely projections of events? What are the best assessments of their impact on U.S. interests?

6. Areas of Potential Soviet Military Technological Breakthrough

This is an area of interest, especially with regard to the design of U.S. strategies for competing with the Soviets over the long term. The Soviets will continue to push resources into military R&D. It would be useful to have an overall assessment of the key areas within which the Soviets: (1) appear to be making a major effort; and (2) appear to be those areas where important technological breakthroughs are possible. Which are three or four key areas? What are the Soviets doing in these areas? How successful are they likely to be?



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June 29, 1973

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MEMORANDUM TO MR. ANDREW MARSHALL

SUBJECT: Topics

1. This is in response to your request for comments on your memo of June 14th.

2. I suggest that we consider several additional topics, in particular a number in the international economic field, in order to give better balance to the proposed subject matter to be studied. Additional topics might include:

-- an analysis of the international implications of a failure to resolve current monetary and trade issues.

-- the significance, if any, and over time, of an inability for the LDCs to be raised above their current depressed state.

-- a study in depth of the possibilities of Sino-Soviet reconciliation or partial detente, to see what the possibilities are, what forms it might take, and what the consequences would be for third parties. (This would accompany an inquiry into post-Mao conditions in China, politically and economically). An analysis of the political, economic and military implications of a Western Europe cut adrift from North America (this would examine "Finlandization" ideas, Soviet reactions, Middle East consequences, etc.).

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-- a review of the implications of various alternative Law Of The Sea outcomes. (This would include the range of economic, military and political implications.)

3. In addition to the foregoing I offer the following specific comments on the items contained in the June 14 paper.

a) Add to item 1 on your list of topics, the following questions:

-- What sort of political circumstances are likely to induce (a) a greater probability that one side or the other would launch an attack as contrasted to (b) a lesser probability. Analysis of these political circumstances should include not only bilateral Sino-Soviet interactions but the actions of third parties such as the US and Japan, as they bear on this issue.

-- Also, what political results could be expected over the short, intermediate and long-term periods vis-a-vis the two parties and vis-a-vis third parties for each of the military outcomes considered.

b) Item 2 on page 2, after the word "situation" add the following "will they be tempted to use it as leverage? If so how, in what ways, to what degree? How are the Soviets likely to distinguish between the US, Europe and Japan in this situation?"

c) At the end of item 2 on page 2 add the following question: "How can we expect US-Arab-Israeli relations to be effective?"

d) After the first paragraph of item 3 on page 2 add the following question: "To what extent are

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apparent changes tactical as contrasted to a fundamental change in policy objectives? How good is our evidence in this regard?"

e) With regard to item 4, Soviet Military Systems, while we should by all means discuss it at our upcoming meeting, our reaction is that it tends to be, in terms of importance, a rather marginal item for study.

f) With regard to item 5, the Yugoslavian Succession Crisis, while there is no question that this is a matter of the highest importance, I presume you are aware of the fairly extensive work already done, including an excellent RAND Study and a NSSM, all of which is fairly current.

I suggest that prior to our meeting, you attempt to catalogue all of the recent work which has been done on this problem so that we might decide whether additional efforts are still necessary and, if so, so that we might devise additional contributions which are as pointed as possible. To some extent I assume that same question of avoiding duplication applies to other topics as well, in particular the study of the energy crisis.


Seymour Weiss

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MEMORANDUM

NATIONAL SECURITY COUNCIL

July 5, 1973

MEMORANDUM FOR

VICE ADMIRAL JOHN WEINEL
PATRICK PARKER
SEYMOUR WEISS

FROM:

A. W. Marshall *AWM*

SUBJECT:

NSCIC Working Group Committee Topics and Issues
Of Importance to High-Level Intelligence Consumers

On July 9 we will meet to discuss topics to be forwarded to the NSCIC Principals for their review and issuance. Attached is a copy of Sy Weiss' reaction to my list of topics.

Presently ten major issues have been proposed for consideration:

-- Sino-Soviet military interactions and possible conflict (don't feel) outcomes. (*US military to infer action*)

-- Possibilities and implications of a Sino-Soviet reconciliation.

① -- Soviet long-term strategy. *Both sides agree*

② -- Soviet military assistance. (*Marginal S.W.*)

③ -- Areas of potential Soviet military technological breakthrough.

④ -- National security impact of the energy crisis. (*Good*) *From a point of view: DPE, ARPA*

new ⑤ -- International implications of a failure to resolve current monetary and trade issues. (*Blaker likes*)

new ⑥ -- Review of the implications of alternative Law of the Sea outcomes.

To check ⑦ -- Yugoslavian succession. (*More than we - S.W.*) *Hold*

new -- Significance over time of the inability of LDC's to improve their status.

We should plan to discuss these and any other topics which are raised at the meeting with the intention of initially selecting five or six. Also, we should clarify the questions I raised in my June 6 memorandum reference to issues of the comprehensiveness of topics, the information which should be provided to the DCI, and the NSCIC's role after the topics have been given to him.

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NATIONAL SECURITY COUNCIL

July 11, 1973

MEMORANDUM FOR

ADMIRAL V. P. DEPOIX
EDWARD W. PROCTOR
RAY CLINE

FROM:

A. W. Marshall *Acum*

SUBJECT:

Presentation on Soviet Long-Range Strategy

The NSCIC Working Group is developing a list of topics of special interest to high-level policymakers. For each topic, the Working Group plans to prepare a short paper describing its importance and presenting the issues of key concern to consumers. The NSCIC should review and approve the topics, which would then provide guidance to intelligence as to high-level needs.

To prepare the topics a team has been formed consisting of members of the Working Group under my chairmanship. The team feels it is essential to know the past, present and future work of the community on each topic being considered and to have an understanding of the key aspects of each topic from the viewpoint of intelligence producers. This should avoid duplication of previous intelligence efforts and help the Working Group as a whole to focus on the critical elements of each topic. The team believes that informal presentations on each topic by the agencies of the community should provide them with the necessary background information.

Initially the team is considering preparing statements of consumer needs on four major issues:

- The nature and direction of Soviet long-range strategy.
- International implications of a failure to resolve current monetary and trade issues.
- The national security implications of the energy crisis.
- The implications of alternative outcomes to negotiations on the Law of the Sea.

The first topic being studied is the policy-level's interest in the Soviets' long-range strategy. The importance of the topic is obvious, but defining the term "strategy" and outlining the Soviets' strategy in particular is, of course, extremely difficult. The team views strategy as the set of broad objectives which have been implicitly or explicitly set by the Soviets and the major policies and actions contemplated or being executed to facilitate pursuit of these objectives. As only a sample of the major questions about Soviet strategy with which the policy-level may be concerned, the team has listed the following:

-- Do the Soviets have a comprehensive, stated strategy?
~~Has Soviet strategy changed recently?~~ What changes may occur in the coming decade? To what extent do these changes reflect fundamental shifts in the Soviet system and manner of conducting international relations? To what extent are these apparent changes in policy largely tactical? What evidence do we have?

-- What is the gap between the Soviets' desired strategic objectives and the achievable ones? What factors constrain or facilitate the Soviets' pursuit of their strategy (e.g., individuals, interest groups, organizational performance, influences of other nations or groups of nations)?

-- In strategic policy considerations what is their view of:

- The role of the PRC?

- The nature of competition between the U.S. and USSR?
What are the perceived areas of comparative advantage and disadvantage?

- The role of Western Europe? The Middle East? The less developed nations?

-- Is there a convergence in their view in U.S. and Soviet military strategy and thinking?

-- In the Soviets' view, what are the major risks, opportunities, and rewards in their relationships with other nations? What constraints do they perceive?

-- How flexible is their strategy?

Before formulating a comprehensive statement of these and other questions, the team would like to receive a presentation from the agencies outlining the present state of the work on Soviet long-range strategy. In particular, the team would appreciate answers to the following questions:

-- What past, present and future work addresses this issue?

-- To intelligence, what are the essential characteristics of Soviet long-term strategy now and in the future?

- Upon what issues is there general agreement?

- Upon what issues are there disagreements?

- Upon what issues is there a high level of uncertainty or speculation?

The team would like to receive this presentation by the end of July. Outlines of the other topics similar to this one will be prepared prior to additional requests for briefings.

NATIONAL SECURITY COUNCIL

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October 30, 1973

MEMORANDUM FOR

THE DIRECTOR,
CENTRAL INTELLIGENCE

FROM: National Security Council
Intelligence Committee

SUBJECT: Requirement for Intelligence Concerning
Monetary and Trade Issues.

We are concerned about the future implications of present monetary and trade problems. The present system of relationships among countries is under substantial pressure from a variety of forces: fluctuating currencies, major economic growth and attendant inflation in most developed countries, worldwide agricultural shortages, and the struggle of some nations and blocks of nations to maintain their traditional economic relationships in the face of these forces. In the future, the international monetary system will undoubtedly be influenced by the increased participation of the Soviet Union and People's Republic of China, by the growing importance of the Middle East as a major supplier of petroleum, and by the pressures that develop as the economic growth in many countries begin to subside.

During the next 12 - 24 months, U.S. activities and policies will be characterized by the pursuit of the following major objectives:

- Continued reform of the International Monetary System with emphasis on an improved process for balance of payments adjustments through a system that causes surplus nations to take action and provides for flexibility in both exchange rates and trade arrangements.

- Increased international trade by encouraging the reduction of tariff and non-tariff barriers, developing techniques for smoothing adjustments by nations to major increases in their imports, and continuing to seek with Japan arrangements to boost U.S. imports and decrease the present imbalance.

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To assist the determination of policies in pursuit of these objectives you are requested to direct intelligence efforts in the coming year toward issues relevant to them. In particular, analysis is desired addressing the following major issues:

-- What are the different forms into which the International Monetary System may evolve? What are the essential factors which will determine the evolutionary path chosen?

-- What would be the impact of no further reforms in the International Monetary System?

-- What will be the impact in the next two to five years of changes in the exchange rates? Especially, the impact as the present worldwide economic growth rate subsides?

-- How will trade and monetary problems affect relations between LDC's and DC's? What actions may LDC's take in their own interest, especially the nations of the Middle East?

-- How do monetary imbalances affect trade negotiation, especially the perceptions of participants in negotiations to occur with European nations and Japan?

-- Within the EEC what role will be played by the CAP? What forms of worldwide agricultural trading system may develop? What will happen to the snake under the monetary pressures facing such nations as Germany? What are the chances of success for Europe's drive for a single monetary system?

A periodic report of your efforts to address these issues should be made to the NSCIC in the coming months.

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NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

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October 26, 1973

MEMORANDUM FOR

THE DIRECTOR,
CENTRAL INTELLIGENCE

FROM: NSCIC

SUBJECT: Concern for Intelligence on Soviet Strategy

The current and future direction of Soviet strategy concerns us as it has in the past. During the past decade major changes have occurred in Soviet strategic weapons systems, Soviet economic and political relationships with the U.S. and other western nations, Sino-Soviet relations and the apparent attitudes of the Soviets toward arms control. We are concerned with the direction of future changes in these areas and with potential new areas of major change in Soviet strategy. In particular, we note that changes in strategic weapons and in the Soviets' non-military relations with the West are moving more rapidly now than in the past. The Soviets also appear profoundly concerned with their relations with China and the effect of the U.S. and other countries upon that relationship.

During the next year we want the intelligence community to give more attention to the nature and direction of Soviet strategy. Rather than providing us with the very broad statements about Soviet objectives and policies which have characterized past responses, analyses should be directed at providing new insights, at taking a more directed focus on key issues such as those below, and on providing a comprehensive summary of alternative explanations of Soviet behavior and relevant evidence. We are especially concerned with the Soviet leadership's perception of what is going on, and with being provided with evidential support and argument for conclusions.

Four major issues interest us, but these by no means exhaust the relevant questions which require attention.

1. Do the Soviets have a comprehensive stated strategy? Intelligence agencies have suggested that the Soviets have broad strategic objectives supported by a set of policies, and managed by an extremely flexible, responsive political-military system that can quickly marshal resources to seize opportunities. Soviet statements of strategy consist of a loose amalgamation of writings and pronouncements which identify themes and changes in themes.

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-- How definitive is their strategy? To what extent does it reflect deliberate strategic thinking, reactions to uncontrolled changes in the environment, or cultural-social forces?

-- What changes have occurred in Soviet strategy during the past decade? What have been the factors causing these changes -- e.g., shifts in leadership, economic forces, etc.?

-- What changes may occur in the future -- in particular, what realistic scenarios can be presented? What factors will determine the direction which is taken?

-- To what extent are changes more tactical than fundamental? Especially as regards detente and current Soviet policy towards the West?

2. In Soviet thinking, what are the interrelationships among present activities, such as strategic weapons development, expanded economic relationships with the West, and continued concerns about China?

-- How are these and other activities reconciled or related within the framework of Soviet objectives?

-- What are the areas of conflict among them? How have, or may the Soviets choose to resolve these conflicts?

-- Are there unforeseen (in the Soviets' eyes) conflicts among their strategic objectives and policies, with which they will have to struggle in the future?

3. How do the Soviets perceive their relationships developing with other major powers?

-- Do they perceive a convergence of U.S.-SU interests in military, political and economic affairs? Is detente responsive to permanent shifts in the underlying situation, or tactical?

-- What is the nature of the competition between the U.S. and USSR in their view? What are the major opportunities, risks and rewards in that competition?

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-- What is the role of China, the Middle East, Western Europe and the LDC's in their strategic objectives?

4. In Soviet military strategy:

-- What are plausible explanations for the present developments in Soviet weapons? How do the Soviets view these developments in reference to SAL negotiations?

-- What are the Soviets' perceptions of the validity of theories of nuclear deterrence?

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MEMORANDUM

NATIONAL SECURITY COUNCIL

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October 30, 1973

MEMORANDUM FOR

THE DIRECTOR,
CENTRAL INTELLIGENCE

FROM: National Security Council
Intelligence Committee

SUBJECT: Critical Issues of Concern Regarding the Foreign
Policy Implications of the Energy Situation

As you are aware from participation in NSSM 174 "National Security and U.S. Energy Policy," the NSC is very concerned with the national security implications of world energy supply and distribution.

World demand for energy is growing extremely rapidly. It will increase by more than 50% by 1980, and more than 100% by 1990. U.S. demand follows this trend, and is expected to double by 1985. The dimensions of this problem emerge if one realizes that the world's facilities for producing and consuming energy will double in the next fifteen years. An important effect of this is that major user nations, except the USSR, will become less and less self-sufficient in energy resources. About half the increase in energy consumed in the coming fifteen to twenty years will have to come from oil, and the USSR is the only developed nation with adequate resources to meet its own demand. The rest of the increase in oil consumption will have to come from the Middle East.

Increased dependence upon Middle East oil gives the states in that area greater political and economic influence than they otherwise would enjoy. They are rapidly doing away with old arrangements with various western oil companies and eyeing new arrangements, and are considering what to do with the large balance of payments surpluses they are accumulating. If these states could be relied upon to act in a reasonable way in the future, the energy issue would be reduced to a rather severe balance of payments and energy distribution problem. But the recent history of the Middle East leads us to expect turbulence and internationally irresponsible behavior from these states. At the extreme, if they combine in some way and attempt to make use of their control of critical oil resources to blackmail or coerce us or our allies, an extremely serious situation would be created. There is already good reason to doubt that they will increase production to meet demand unless given sufficient economic, political or military incentives. It is in this context that the energy situation can be a political, and perhaps

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The intelligence community has been most helpful to date in pursuing the variety of key foreign policy questions which arise from the present situation. During the next two years the NSC requests you provide it with further analyses related to the topical areas which follow:

As relates to the worldwide energy supply/demand problem, we require more refined estimates of:

- The worldwide supply/demand balance for appropriate periods through the 1980's.

- The energy balance for each of the major international actors, especially the USSR.

- The supply and demand elasticities for key actors.

- Projections of price (including long and short-term price ceilings), investment flows, and monetary balances.

Concerning the impact of energy demands on foreign relations and national security, we require continuing analyses of the following major issues:

- How do major international actors perceive the energy question?

- Areas of divergence of interest from the U.S. under present policies.

- Probable response to the problems and opportunities perceived, especially responses from the USSR.

- Probable response of major consumers to likely contingencies affecting their supply.

- Producer nations' perceptions of their new status and influence.

- Attitudes and perceptions of major power centers within each country of interest.

- What is the political stability of the major producing countries and areas?

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- Internal security threats and prospects for dealing with them.

- External security, including regional alignments and force balances.

- What is the character of OPEC, its inherent cohesion, susceptibility to divisive forces, and likely response to specific consumer nations' actions, especially the formation of consumers' cooperatives?

- What are the energy strategies of the major industrial states?

- Long-term satisfaction to satisfy payments imbalances.

- R&D strategies to provide new energy resources.

Within the purview of your authority under the National Security Act of 1947 we would also be interested in insights which the intelligence community has into the role of international oil companies.

- The status and influence of major companies.

- Company policies and strategies for dealing with host countries and OPEC.

- Likely company responses to U.S. government attempts to bolster their bargaining position, secure supply commitments, etc.

- Areas of divergence of company interest from probable U.S. policy.

At periodic intervals during the next twenty-four months we would appreciate a report from you as to the status of the community's efforts to answer these and related questions, the major insights which had been developed, and the planned future direction of the effort.

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